

HOUSE BILL REPORT

HB 1068

As Reported By House Committee On:
Government Operations

Title: An act relating to preserving port district debt limits.

Brief Description: Preserving port district debt limits.

Sponsors: Representatives Brumsickle, Chappell and Radcliff.

Brief History:

Committee Activity:

Government Operations: 1/25/95, 1/27/95 [DP].

HOUSE COMMITTEE ON GOVERNMENT OPERATIONS

Majority Report: Do pass. Signed by 14 members: Representatives Reams, Chair; Goldsmith, Vice Chair; L. Thomas, Vice Chair; Rust, Ranking Minority Member; Scott, Assistant Ranking Minority Member; Chopp; R. Fisher; Hargrove; Honeyford; Hymes; Mulliken; D. Schmidt; Van Luven and Wolfe.

Staff: Steve Lundin (786-7127).

Background:

1. Constitutional and statutory limitations on local government indebtedness.

Article VIII, section 6, of the state constitution, establishes two limitations on the amount of indebtedness that a local government may incur. Our courts have determined that these limitations only restrict what is termed "general indebtedness" and do not restrict what is termed "revenue indebtedness." These limitations are described in terms of a dollar amount of indebtedness not exceeding a certain percentage of the value of taxable property within the local government.

The following two limitations on general indebtedness are established by this provision: (a) an amount of indebtedness that may be incurred without voter approval; and (b) a total amount of indebtedness, including both voter approved and non-voter approved, that may be incurred with voter approval.

Not all types of local governments are authorized by statutes to incur general indebtedness. Normally, statutes authorize a local government to incur an amount of non-voter approved general indebtedness and a higher total amount of general indebtedness, including both non-voter approved and voter approved general indebtedness.

2. Varying limitations on port district indebtedness.

Statutes classify port districts by a variety of different factors and establish varying limitations on the amount of general indebtedness that such port districts may incur.

Normally, a port district may incur non-voter approved general indebtedness not exceeding one fourth of 1 percent of the value of taxable property in its boundaries.

Among other variations, a port district with less than \$800 million in value of taxable property may incur non-voter approved general indebtedness not exceeding three-eighths of 1 percent of the value of taxable property in the district. This indebtedness limitation only applies if the port district has a comprehensive plan for harbor improvements or industrial development and a long-term financial plan that is approved by the Department of Community Development. Further, this higher level of indebtedness may only be used to acquire or construct a facility for which a lease contract exists for a minimum of five years.

Summary of Bill: The special exception is altered for a port district, with less than \$800 million in value of taxable property, to incur non-voter approved general indebtedness of up to three-eighths of 1 percent of the value of taxable property in the district, for purposes of acquiring or constructing a facility for which a lease contract exists for a minimum of five years.

The language establishing the class of such port districts is altered, from any port district with less than \$800 million in value of taxable property, to any port district that had less than \$800 million in value of taxable property in 1991.

Appropriation: None.

Fiscal Note: Not Requested.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Testimony For: This will only affect the Port of Centralia. Port districts help industrial economic development. The projects are very beneficial. The rental income from the projects exceeds the debt service. We provide infrastructure for private industrial development.

Testimony Against: None.

Testified: Bob Thompson and Wendy Papulin, Port of Centralia; and Scott Taylor, Washington Public Ports Association.